

What is a market? – Where buyers and sellers meet to trade.

Can you identify these different types of markets?

Kart Supreme (1 word)

Neon Polish (2 words)

Regather Hires Title (3 words)

Learning
Outcome 1
Understand
how to target
a market

1.2 TYPES OF MARKET SEGMENTATION



1.2 TYPES OF MARKET SEGMENTATION

Learners must be taught:

- ① 1.2 Types of market segmentation, i.e.
 - ② Age
 - ③ Gender
 - ④ Occupation
 - ⑤ Income
 - ⑥ Geographic
 - ⑦ Lifestyle

How many ways can you think of, to divide the market into segments?

Which of these would be the most appropriate for:

- a) car manufacturer
- b) restaurant
- c) holidays?

Explain your answer.

Market segmentation divides the market into different sections (segments) to enable the business to specifically target customers with the most appropriate products. This may be better for a business than the mass market approach that makes one product for all, because customers often differ in:

- ⊙ What they want
- ⊙ How much they are able or willing to pay
- ⊙ The amount of a good or service that they want
- ⊙ How and where they buy
- ⊙ What types of media they would encounter

MARKET SEGMENTATION

Market segmentation groups customers into subsections of the market with similar characteristics. This allows the business to target that subsection with tailored goods or services.

Types of market segmentation:

- ⦿ Age
- ⦿ Gender
- ⦿ Occupation
- ⦿ Income
- ⦿ Geographic
- ⦿ Lifestyle



What method of segmentation is Toyota using in the US?

What are the benefits of this?

How is it doing this?



Should toys be segmented by gender?

① Age

- ① May target a specific age group e.g. reading age 5-6
- ① Can be targeted at a stage in the life cycle e.g. teenagers or empty nesters



How does Barclays segment its current accounts by age?

① Gender

- ① Targeting either males or females
- ① Changing the product or promotion to attract one gender or the other

A – Higher managerial such as Chief Executives and Chairmen
B – Intermediate Managerial such as Solicitors, Accountants and Doctors
C1 – Supervisory, clerical or junior professional such as teachers and junior managers
C2 – Skilled manual such as plumbers, electricians and carpenters
D – Semi and unskilled such as refuse collectors and window cleaners
E - Pensioners, casual workers, students and unemployed

◎ Occupation

- ◎ As people stay on in education they are more likely to move into professional jobs e.g. accountancy or insurance
- ◎ This leads to better paid jobs
- ◎ Greater income to spend on goods and services
- ◎ These provide target market segments e.g. business people

◎ Income

- ◎ Income can have a direct influence on what customers are willing and able to buy
- ◎ Products can have higher added value to attract a more affluent market segment
- ◎ Income segmentation sometimes makes use of socio-economic groups

⦿ Geographic

- ⦿ This defines market categories based on where people live e.g. regions, cities or neighbourhoods
- ⦿ People in different geographical areas display different characteristics. For example, those in the South East are more affluent on average than those in Scotland

⦿ Lifestyle

- ⦿ This defines market categories based on the way that people live their lives
- ⦿ These will look at the activities, interests and opinions (AIO) of individuals
- ⦿ Businesses will customise products based on these
- ⦿ Interests and hobbies can be identified, allowing businesses to be far more specific in identifying their target market

MARKET SEGMENTATION

- ① Look at the watches you considered at the start of 1.1
- ① For each one identify how the market has been segmented

